

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: February 12, 2008

Bill Number: H.B. 4665

Author: Ott

Committee Requesting Impact: House Ways & Means Committee

Bill Summary

A bill to amend Section 11-11-156, as amended, of the Code of Laws of South Carolina, 1976, relating to the Homestead Exemption Fund and the uses of the revenues thereof, so as to require an amount equal to twenty-five percent of any balance remaining in the Homestead Exemption Fund to be retained in the fund and carried forward as a reserve that must be used only to offset shortfalls in the Fund otherwise requiring amounts due school districts to be paid from the General Fund of the State, to provide that the remaining balance must be credited to the Non-Federal Aid State Highway Fund and used for road and bridge maintenance, and to delete the reimbursed property tax credit as a use of these revenues.

REVENUE IMPACT ^{1/}

This bill is not expected to have an impact on state General Fund revenue in FY2008-09. This bill would reallocate \$39,861,333 from county tax relief to the State Non-Federal Aid Highway Fund in FY2008-09.

Explanation

This bill would delete the requirement that any funds remaining in the Homestead Exemption Fund at the end of a fiscal year be remitted to the counties to be used to provide a property tax credit against the property tax liability for county operations on owner-occupied residential property in the counties. This bill would amend Section 11-11-156(C) to require that twenty-five percent of any balance in the Homestead Exemption Fund at the end of a fiscal year must be designated as a reserve balance. The revenues in the reserve balance may only be used to offset state general fund revenue used to supplement the Homestead Exemption Fund for the school operations portion of owner-occupied residential property taxes. The remaining seventy-five percent balance of the Homestead Exemption Fund must be credited to the State Non-Federal Aid Highway Fund and used for road and bridge maintenance. Based on the Board of Economic Advisors' February 11, 2008 Homestead Exemption Fund estimate, the remaining fund balance designated for county tax relief is \$53,148,444 in FY2008-09, to be released to the counties in FY2008-09. This bill would require that twenty-five percent, or \$13,287,111, must be designated as a Homestead Exemption Fund reserve balance and carried forward to FY2008-09. The remaining seventy-five percent, or \$39,861,333, must be credited to the State Non-Federal Aid Highway Fund and used for road and bridge maintenance in FY2008-09.

/s/ WILLIAM C. GILLESPIE, PH.D.

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Martin

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.